

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF ROSS O.)	APPEAL NO. 06-A-2512
WALKINSHAW from the decision of the Board of)	FINAL DECISION
Equalization of Kootenai County for tax year 2006.)	AND ORDER
)	

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing December 13, 2006, in Coeur d'Alene, Idaho, before Board Member Vernon L. Driver. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Ross Walkinshaw appeared for himself. Residential Appraisal Manager Darin Krier and Appraiser Steve Hagler appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization (BOE) modifying the protest of the valuation for taxing purposes of property described as Parcel No. 50N04W075650.

The issue on appeal is the market value of improved residential property.

The decision of the Kootenai County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$687,341, and the improvements' valuation is \$126,730, totaling \$814,071. At hearing, the Assessor recommended an adjustment to the improvements, to lower their assessed value to \$123,540. Appellant requests the homesite market value be reduced to \$100,000, the timber land value remain the same at \$922, and the improvements value be reduced to \$80,000, totaling \$180,922.

The subject property is an improved riverfront property with a dwelling and detached garage. The property includes 344.7 feet of frontage along the Spokane River and is 3.928 acres in size. The property is located along the south side of the river between Post Falls and Coeur d'Alene, Idaho.

Appellant testified subject is not located in a “neighborhood” but is considered rural timberland. The assessment indicates Property Class 534, Improved Residential Rural Tract, and Appellant maintains subject should be considered agricultural suburban land.

Appellant described the topography of subject as steep to rolling. Access to the waterfront is a vertical drop of 50 to 60 feet in less than 100 feet of horizontal distance. A 30- to 45-degree slope drops off to the water, which is not easily accessible from the land. There is no beach or easy way down to the river. The banks are natural clay and eroding. An estimate to armor the banks against erosion was \$35,000 to \$40,000-plus. Over a 25-year period, 10 feet of bank has been lost to erosion. Boat docks are built on the riverbed. Though not particularly good waterfront, there is a nice view of the water.

Appellant questioned precisely where the County sale properties were located as he was familiar with property on the south side of the river. Respondent did not have that information available at hearing.

The sales information provided by the County before the BOE indicated the six sales on the south side of the river averaged \$2,443 per front foot. These sales reflected highly improved properties with good access and beaches. Subject’s waterfront is not improved. The banks are so steep, material would have to come in on a barge. Aerial photographs were submitted to show the erosion and steepness of the riverfront.

Appellant provided the subject residence has two bedrooms, not three as reflected in County records, and that there are no fireplaces. There is a homemade wood stove in the basement, wood range in the kitchen, and a free standing natural gas stove in the livingroom. These stoves are the heating in subject residence. Subject has no public water or well. Domestic water is taken from the river.

The value of subject building site, situated amongst 75 acres, was contended to be much less per foot than that of a subdivision lot with 100 feet of frontage. Appellant estimated a site value of \$100,000 for the 100 x 300 foot homesite. According to taxpayer, Realtor estimates showed a value increase of 12% over 2005, not 120%. Appellant claimed the increase in assessed value was excessive.

Appellant submitted two newspaper articles showing third-quarter sales in 2006. Idaho was at the top of the nation for value increases, up 17.5% compared to the same quarter in 2005. Another article stated housing prices reached a peak in September and October of 2005, and while sale volume was down from 2005, it is in line with 2004 which was a record breaking year at the time. Further information indicated prices were not down for high-end property, but that entry level prices are down slightly.

The County explained the last full revaluation (land and improvements) in this area was in 2002 for the 2003 assessment roll. During the revaluation, on-site inspections were conducted to note any changes to the property and to update information contained in the property records.

The Appraiser explained there was a dwelling on the property with a water source, septic system, power and access. It is located on the river and was therefore considered an improved waterfront property. The base value for land of this type was adjusted down 5% to address the impact of the riverbank erosion. A further minus 10% adjustment was applied to the base front foot rate due to the overall characteristic rating (OCR 1.) No adjustment was made for the lack of a well, as taking water from the river or lake is typical, along with a system to treat the water. The water source is recorded and analyzed to see if the issue specially impacts sale prices. No impact has been noted.

Respondent's recommended an adjustment to the improvements value for heating source,

reducing the improvement value from \$126,730 to \$123,540.

Four sales were used to derive riverfront rates in subject area in 2002. The base rate at that time was \$1,800 per front foot.

To maintain market value each year, positive trends were applied by location to prior year assessed values. Thirty-four riverfront sales were analyzed to determine the market adjustment for 2005 and 11 sales on the Spokane River were analyzed to determine the market adjustment for 2006. Six of the 11 sales occurred on the south side of the Spokane River. After applying the 220% factor to land values, the ratio of assessed values to sale prices was 96%.

Respondent described subject's area and referenced the annual market value requirement which must be through re-appraisal or indexing (trending.) The 2004, 2005 and 2006 assessments of subject property were a result of indexing.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho is a market value state for property tax purposes. Idaho Code defines market value in Section 63-201(10):

"Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

For subject's last re-appraisal, the County analyzed recent, nearby sales to arrive at a base value per front foot. Adjustments were made for differences between the subject and

typical riverfront site. Then trend factors were applied for the assessment years following 2003 to stay current with market price levels.

Appellant maintained subject waterfront was not developed like the sales the County used for comparison. The County agreed and addressed subject's inferior frontage with a total negative adjustment of 15%.

No different sales information or other appraisal like information was submitted by Appellant for the Board's consideration. The value claims for the land and residence were not well supported. Respondent did recommended an adjustment to residence value which we find is warranted. Therefore the decision of the Kootenai County BOE will be modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is modified to reflect a decrease in the assessed value of the residence to \$123,540.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 1st day of May 2007.